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June 13, 2006

The Honorable Greg Nickels
Mayor
City of Seattle
P. O. Box 94749-4749
Seattle, WA 98124-4025

Dear Mayor Nickels,

After a comprehensive rate review process last year the Greater Seattle Chamber of Commerce endorsed a proposal to reduce City Light rates by 10% - 12%. I am writing today to reiterate the Chamber's support for that rate reduction.

We believe the conditions were right last year for rate relief. City Light's financial condition was strong and could have supported a rate reduction without jeopardizing the utility's long-term financial stability. Since that time City Light's financial condition has only improved as a result of efforts to reduce our debt load.

In a June 8, 2005 letter to the Chamber and City Council announcing your decision not submit a rate ordinance you said "*City Light's financial forecast indicates that a more substantial rate reduction may be possible in 2007 if results in 2005 and 2006 are consistent with current forecast assumptions.*" Since that time City Light has met or exceeded financial forecasts and the conditions are such that a rate reduction is possible. We would welcome such a reduction to offset the rise in other costs to those living and doing business in Seattle.

The 58% rate increase adopted in the wake of the 2000 – 2001 west coast power crisis was always understood to be temporary. At the time of the imposition of higher rates city officials characterized the increases as a surcharge to address a temporary problem. An 11% drop in rates was forecast by the Superintendent in 2002 – we would like to see relief commensurate with this forecast.

Seattle ratepayers have carried the burden of the west coast power crises for 6 years and have contributed more than \$900 million in surcharges during that time. It is clear that the City Council adopted financial policies have worked and we applaud them for their efforts, and the utility's financial condition is solid and now is the time to deliver the long-promised rate relief.

We look forward to working with you and the City Council on this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Leahy'.

Steve Leahy
President and CEO

Cc: Councilmembers; Deputy Mayor Ceis; Superintendent Jorge Carrasco